

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
NEW ALBANY DIVISION

IN RE:)	Chapter 11
)	
EASTERN LIVESTOCK CO., LLC,)	Case No. 10-93904-BHL-11
)	
Debtor.)	Hon. Basil H. Lorch III

**FIRST INTERIM APPLICATION OF KROGER, GARDIS & REGAS, LLP FOR
COMPENSATION AND REIMBURSEMENT OF EXPENSES
AS SPECIAL COUNSEL TO CHAPTER 11 TRUSTEE**

Kroger, Gardis & Regas, LLP ("KGR"), as special counsel to James A. Knauer, the chapter 11 trustee appointed in this case ("Trustee") hereby makes its first interim application ("Application") for the allowance and payment of its fees incurred as special counsel to the Trustee and for reimbursement of out-of-pocket expenses advanced by KGR. In support of this Application, KGR states as follows:

1. Petitioning creditors commenced the above-captioned chapter 11 case ("Chapter 11 Case") against Debtor on December 6, 2010 ("Petition Date") by filing an involuntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. ("Bankruptcy Code"). This Court entered its *Order For Relief In An Involuntary Case And Order To Complete Filing* [Docket #110] on December 28, 2010.

2. On December 27, 2010, the Court entered its *Order Approving The Appointment Of James A. Knauer As Chapter 11 Trustee* [Docket #102] ("Trustee Order"), approving the United States Trustee's *Notice Of Appointment And Application for Order Approving Appointment of Trustee* [Docket #98] pursuant to 11 U.S.C. § 1104.

3. On February 12, 2012, the Trustee filed his *Application to Employ Kroger, Gardis & Regas, LLP as Special Counsel to the Trustee*, and attached a proposed letter agreement ("Fee Letter Agreement") detailing fees under which KGR would serve as the Trustee's special counsel.

4. Following Notice, the Court entered its *Order Granting Application to Employ Kroger, Gardis & Regas, LLP as Special Counsel to the Trustee* on March 13, 2012, pursuant to the terms of the Fee Letter Agreement attached to the Application.

5. Following the entry of the Court's Order, KGR has acted as special counsel to the Trustee in the investigation of various claims on behalf of the Debtor's bankruptcy estate, and has pursued both avoidance actions and promissory note collection cases on behalf of the Trustee and the estate.

6. This Application is the first interim application filed by KGR seeking compensation for actual, necessary services rendered by KGR on behalf of the Trustee and reimbursement of out-of-pocket expenses advanced by KGR on behalf of the Trustee for the period February 21, 2012 through and including October 31, 2012.

7. KGR has performed a variety of services on behalf of the Trustee, all of which are described in detail in the billing statements attached as Exhibit A.

8. The Fee Letter Agreement between the Trustee and KGR sets forth a fee arrangement whereby:

(a) KGR's attorneys would charge an hourly rate of \$175.00 per hour (well below KGR's normal rates in matters such as these);

(b) KGR would also be entitled to seek an additional contingent fee of 25% of any recovery, provided that the total fee does not exceed 2 1/2 times KGR's standard hourly rates.

9. Exhibit A provides the detail of the time and the normal hourly billing rate for each attorney in each case being handled by KGR, as well as time expended in the general litigation of these matters. Exhibit B provides a summary worksheet of the time in each of these cases, and the billing for that case pursuant to the KGR fee arrangement set forth in the Fee Letter Agreement. A summary of the fees requested by KGR, including the number of hours worked, the billing rate requested and the total fees claimed, is set forth below:

Attorney	Rate	Hours	Value
John J. Petr	175.00	1.00	\$175.00
Jay P. Kennedy	175.00	83.60	\$14,630.00
Kevin D. Coons	175.00	.80	\$140.00
Jennifer L. Watt	175.00	25.10	\$4,392.50
Justin W. Leverton	175.00	19.4	\$3,395.00
Amanda D. Stafford	175.00	5.0	\$875.00
Amanda D. Stafford (law clerk)	125.00	38.50	\$4,812.50
Tammy J. Froelich (paralegal)	125.00	127.60	\$15,937.50
Heather N. Schuyler (paralegal)	125.00	3.2	\$400.00
Harley K. Means	175.00	2.60	\$455.00
Carole L. Barnett (paralegal)	125.00	.60	\$75.00
<u>Total Hours</u>		<u>307.40</u>	<u>\$45,287.50</u>

10. KGR has advanced the sum of \$670.61 for out-of-pocket expenses incurred in connection with this case during the period from February 21, 2012 through and including October 31, 2012. A summary of the out-of-pocket expenses incurred by the Trustee is set forth at Exhibit C.

11. In addition to the above set forth fees and expenses, KGR makes application for an award of a contingent fee pursuant to the Fee Letter Agreement attached to Application to employ KGR. Specifically, in addition to the discounted hourly fees, KGR is entitled to apply for a further award of twenty-five percent (25%) of any recoveries. The following Settlement Agreements have been approved by the Court, and the settlement amounts have turned over to the Trustee:

<u>Case</u>	<u>Recovery</u>	<u>25.00%</u>
Sand Mountain Stockyard	\$12,000.00	\$3,000.00
Tennessee Valley Livestock	<u>\$23,218.61</u>	<u>\$5,804.65</u>
Total	\$35,218.61	\$8,804.65

KGR therefore seeks, in addition to its hourly fees detailed above, an award of a contingent fee in the sum of \$8,804.65.

12. KGR has received no payment for its fees or out-of-pocket expenses. This Application is the first application of KGR, and no prior fees have been awarded to KGR in this case.

13. No agreement or understanding exists between KGR and any other person or entity for the sharing of compensation received for services rendered in connection with this case.

14. All services rendered and all expenses incurred for which compensation or reimbursement is sought have been rendered or incurred exclusively by KGR and represent necessary and proper services rendered in the administration of this Chapter 11 Case.

WHEREFORE, Kroger, Gardis & Regas, LLP requests (i) the Court award compensation to KGR on account of its actual and necessary hourly fees in the amount of \$45,287.50; (ii) the Court award a contingent fee to KGR as described above in the amount of \$8,804.65; (iii) the Court order reimbursement for out-of-pocket expenses incurred in the amount of \$670.61; and (iv) grant KGR all other just and proper relief.

Respectfully submitted,

KROGER, GARDIS & REGAS, LLP

/s/ Jay P. Kennedy

Jay P. Kennedy, special counsel for
James A. Knauer, Trustee

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CERTIFICATE OF SERVICE

I hereby certify that on November 20, 2012, a copy of the foregoing pleading was filed electronically. Notice of this filing will be sent to the following parties through the Court's Electronic Case Filing System. Parties may access this filing through the Court's system.

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I further certify that on November 20, 2012, a copy of the foregoing pleading was served via electronic mail transmission on the following:

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/s/ Jay P. Kennedy